FOREIGN AGRICULTURE

November 19, 1973

Soviet Grain Harvest of 215 Million Tons

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE
VOL. XI • No. 47 • Nov. 19, 1973

In this issue:

In this issue:
Swine on pasture at the Central Experimental Farm, Ottawa. Canada's hog breeders are being encouraged to improve hogs to produce larger portions of cuts most desired in export markets, according to an article beginning on page 6. Cover photo and photos on page 7 courtesy of Information Division, Agriculture Canada.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate: $20.00 domestic, $25.00 foreign; single copies 45 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Brezhnev Reveals Record Soviet Grain Harvest of 215 Million Tons

By FLETCHER POPE, JR.
Foreign Demand and Competition Division
Economic Research Service

907444

COMMUNIST PARTY General Secretary Leonid I. Brezhnev announced on October 26 that Soviet grain production for 1973 would total a record 215 million metric tons—topping last year's reduced output by 47 million tons. The drought-shortened, 168-million-ton harvest last year triggered purchases of almost 30 million tons of grain, mostly for delivery during 1972-73. At the level announced by Brezhnev, Soviet grain production exceeds targeted 1973 output of 197.4 million tons by 9 percent and leaps ahead of 1970's record crop of 186.8 million tons by a noteworthy 15 percent.

Brezhnev gave no data concerning the composition of the 1973 harvest. Preliminary estimates of the breakdown of the 215-million-ton crop suggest that close to half of the total—roughly 105 million tons—is probably wheat. If so, the wheat harvest would be a new record, about 5 percent larger than the 1966 crop of 100.5 million tons. On the other hand, the estimated 83 million tons of feedgrains—barley, oats, and corn—would be by far the largest ever, since harvests in 1970-72 averaged only 60 million tons.

The record 1973 harvest will significantly relieve the Soviet grain situation. Assuming the planned 197.4-million-ton goal represents USSR grain requirements in 1973-74, Soviet officials are free to decide on the disposition of an additional 15-20 million tons of grain from the 1973 crop.

This grain could be used to rebuild stocks, to increase feed use of grain above that originally planned, and/or to expand exports. Although feed use and exports will probably benefit from improved supplies, rebuilding of grain stocks is expected to be given high priority. The huge 1972-73 Soviet grain purchases suggested that carryover stocks on July 1, 1972, were minimal.

USSR: PRELIMINARY ESTIMATES OF GRAIN AREA, YIELD, AND GROSS PRODUCTION, 1973 [1]

Grain	Area	Yield	Production
	Mil. acres	*Bu. per acre*	*Mil. metric tons*
Wheat	155	25	105
Rye	20	20	10
Barley	70	30	50
Oats	30	45	20
Corn	10	50	13
Others [2]	30	—	17
Total	315	—	[3] 215

[1] Estimates have been highly rounded. [2] Includes buckwheat, rice, millet, and pulses. [3] Preliminary official gross production, October 26, 1973.

USSR: FALL SEEDING PROGRESS ON COLLECTIVE AND STATE FARMS AS OF OCTOBER 15, 1968-73 [1]

Year	Amount sown: Total	Amount sown: Latest weekly rate	Planned area	Total sown as percent of plan
	Mil. acres	*Mil. acres*	*Mil. acres*	*Percent*
1968	84.3	5.2	96	87
1969	81.8	3.7	94	87
1970	81.5	2.7	89	92
1971	77.6	3.0	86	90
1972	61.3	3.7	84	73
1973	82.0	3.2	84	98

[1] Data for years prior to 1973 were adjusted to October 15.

Gathering in the grain harvest in the Virgin Lands, Kazakh Republic.

Reporting of Soviet grain harvest data is on a gross basis—unadjusted for post-harvest losses, moisture content, or foreign materials. Because of heavy precipitation during harvesting over large areas in both European and Asiatic USSR, the quality of much of the 1973 grain crop is probably below average and the amount of excess moisture and foreign matter contained in the gross harvest figure somewhat greater than normal.

Planting conditions for winter grains this fall indicate the Soviets are off to a good start, although it is too early to estimate the size of the crop relative to the 1973 harvest. As of October 15, seeding of winter grains totaled 82 million acres, or 98 percent of planned area. Generally, soil moisture supplies over most winter grain areas were good, with rainfall averaging much above normal. Also, by October 15, some 200 million acres had been plowed for spring planting—an area about equal to that plowed by the same date in recent years.

Contributing to this year's record production level were fine weather and high fertilizer inputs, although expanded grain acreage also increased output. Grain area in 1973 is estimated at 315 million acres—a gain of between 4 and 5 percent over recent years' averages. Feedgrains, especially barley, benefited greatly from the expanded grain area, as well as from a drop in area sown to winter grains last fall.

This year, acreage planted in feedgrains—barley, oats, and corn—is estimated at 110 million acres, compared with the average for 1967-71 of 81 million acres. For barley, area in 1973 jumped to about 70 million acres, from an average of 50 million in 1967-71.

In contrast to the United States where feedgrains usually dominate grain production, food grains account for about two-thirds of all area planted to grain in the USSR, with wheat the principal crop, normally covering over half of grain area. Of total wheat area, only about a fourth is winter wheat, which accounts for roughly 40 percent of wheat production.

However, the Soviet Union's winter grain harvest this year was set back by a reduction in seeded area brought about by dry soil conditions that impeded planting in the fall of 1972. Only about 67 million acres of a targeted 84-million-acre winter grain area were seeded. And by October 15, when 90-95 percent of the crop is usually in the ground, only 73 percent of planned area had been seeded. The location of the areas hard hit by dry weather suggests that both winter wheat and winter rye acreage were reduced by the shortfall in planned seeding.

But 1972-73 winter grain area—although smaller than planned—was fortunately not affected by severe and damaging winter weather, as it was the previous year. Winter's onset in 1972 was later than usual and winter weather was unusually mild. Although at times snow cover was not sufficient to protect plants from the severe cold, prevailing temperatures were not low enough to damage grain extensively.

Sowing in the spring of 1973 was carried out successfully in spite of the larger volume of work to be done. In addition to the shortfall in fall seeding that had to be made up in the spring, total grain area was expanded, according to plan.

Good plowing progress the previous fall contributed to the spring seeding success. More important, however, spring arrived early in 1973 permitting

an early start in field work.

Seeding progress varied greatly during the 1973 spring planting season. By the end of April, almost 98.8 million acres of small grains had been sown—more than 40 percent of the planned 237 million acres. The seeding rate then declined from almost 5 million acres a day in the last week of April to less than 2.5 million a day during the second week of May, primarily because seeding of small grains in the European USSR was nearing completion.

During the last half of May, the rate of seeding rose to over 6 million acres a day, since seeding was being carried out in the New Lands during this period. By end-May, over 95 percent of total planned small grain area had been seeded.

Generally favorable weather during the 1973 growing season was the major factor contributing to record grain crops. Spring rainfall in most principal grain-growing regions of both the European and Asiatic USSR was above normal. As a result, soil moisture supplies were largely above normal, with crops faring far better than last year throughout most of the European USSR.

Even so, soil moisture was not as abundant this year as last in the New Lands area. Constituting an exception to the favorable 1973 weather picture was an area extending from the northeastern part of the European USSR through the Ural mountains and into Northern Kazakhstan. Fortunately, above-normal precipitation in July ended the hot, dry weather that had prevailed in this area—apparently in time to benefit the grain crop.

PRECIPITATION remained above normal in most agricultural areas during most of the summer and soil moisture supplies continued to build as the season progressed. Although the shortage of soil moisture is normally a major problem in the USSR, excess moisture was a hindrance in some regions—particularly when rainfall coincided with small grain harvesting. Consequently, lodging of grain was extensive, particularly in the European USSR.

Rainfall was abnormally heavy over much of the European USSR in late July and mid-August, a condition that benefited late crops, including corn. In September, the area of heavy precipitation extended from roughly the middle of the European USSR, through the Volga and Urals regions, into Western Siberia and Northern Kazakhstan.

Nevertheless, small grain harvesting progressed at a reasonably satisfactory rate in spite of the lodged grain and rather frequent rains. Cutting and threshing rates slackened during periods of heavy rainfall, such as occurred in the last week of July, the third week of August, and the second and third weeks of September. Rapid declines in cutting and threshing after about mid-September reflected the final stages of harvesting of grain crops.

The Soviets were relatively successful in completing small grain harvesting in 1973. As of October 15, about 285 million acres, or 97 percent of total small grain area on collective and State farms had been cut and grain from only 3 million acres remained in windrows to be collected and threshed.

USSR: PROGRESS IN SPRING SEEDING OF SMALL GRAINS ON COLLECTIVE AND STATE FARMS, 1972-73
[In million acres]

1972			1973		
Date	Area seeded	Latest weekly rate	Date	Area seeded	Latest weekly rate
April 10	19.3	—	April 9	21.5	—
April 17	33.6	14.3	April 16	34.8	13.3
April 24	59.3	25.7	April 23	64.0	29.2
May 1	82.5	23.2	April 30	96.6	32.6
May 8	108.5	25.9	May 7	122.6	25.9
May 15	134.4	25.9	May 14	137.6	15.1
May 22	—	—	May 21	179.6	42.0
May 29	—	—	May 28	220.7	41.0
June 5	219.9	—	June 4	232.5	11.9
Total planned area	92	—	—	96	—

USSR: PROGRESS IN HARVESTING SMALL GRAINS ON COLLECTIVE AND STATE FARMS, 1973
[In million acres]

	Amount cut		Amount threshed		
Week ending	Total to date [1]	In past week	Total to date	In past week	Amount unthreshed in windrows
July 9	15.8	—	9.1	—	6.7
July 16	36.1	20.3	20.3	11.1	15.8
July 23	60.5	24.5	38.5	18.3	22.0
July 30	80.8	20.3	57.1	18.5	23.7
Aug. 6	109.0	28.2	88.5	31.4	20.5
Aug. 13	136.9	27.9	118.4	29.9	18.5
Aug. 20	163.8	26.9	140.4	22.0	23.5
Aug. 27	200.9	37.1	167.0	26.7	33.8
Sept. 3	235.5	34.6	197.4	30.4	38.0
Sept. 10	253.8	18.3	218.4	21.0	35.3
Sept. 17	268.1	14.3	239.7	21.3	28.4
Sept. 24	274.8	6.7	255.2	15.6	19.5
Oct. 1	280.5	5.7	266.4	11.1	14.1
Oct. 8	283.9	3.5	276.3	9.9	7.7
Oct. 15	286.1	2.2	282.9	6.9	3.0

[1] Total area planned to be cut was 294-296 million acres.

USSR: PROGRESS IN HARVESTING SMALL GRAINS ON COLLECTIVE AND STATE FARMS AS OF OCTOBER 8, 1970-73 [1]
[In million acres]

	Area cut		Area threshed			
Year	Total	Latest weekly rate	Total	Latest weekly rate	Amount unthreshed in windrows	Total planned area
1970	268.6	2.7	264.4	6.9	4.2	279
1971 [2]	—	—	—	—	—	277
1972	259.0	3.0	252.8	11.4	6.2	282
1973	283.9	3.5	276.3	9.9	7.7	294

[1] Data on areas cut and threshed in 1970 and 1972 were adjusted to October 8.
[2] Information available indicates that harvesting progress reports in 1971 were discontinued on September 27 when 263.2 million acres or 95 percent of the planned area was cut and 260 million acres or 99 percent of the cut area was threshed.

EC Council Considers CAP Changes

The EC (European Community) Council of Agricultural Ministers, meeting today in Brussels, will have its first chance to comment on proposals for revising the Common Agricultural Policy (CAP) that were developed early this month by the EC Commission. Primary objectives of the recommendations are to reduce the cost of the CAP for dairy products and grains, and to cope with agricultural surpluses. No reduction in the level of import protection is contemplated.

The proposals are intended primarily as a starting point for Member State debate, since it is unlikely that the Council will act on them for some months. Formal proposals for implementing the ideas are to be submitted to the Council when 1974-75 CAP prices are proposed, probably early in 1974.

Essentially, the Commission proposes that dairy producers and plants be taxed in cases where stocks exceed a certain level. Changes in price relationships between various grains are suggested—including a freeze on soft wheat prices, an increase in feedgrain prices, and elimination of wheat denaturing premiums. The Commission also favors abolishing the system of regional intervention prices for wheat and barley.

Moreover, the Commission proposes establishing a CAP for soybeans, to be similar to the present CAP for rapeseed and sunflowerseed, but retaining the present duty-free status of soybean imports.

The Commission suggests that changes be completed by 1978, when the three new Member States will have fully adjusted to the CAP. According to the proposal, farm incomes would still be assured primarily by the common price system, rather than based on direct income payments, except in certain limited cases. The Commission anticipates that EC expenditures could be reduced by a billion units of account (u.a.)—about $1.2 billion—if the program were fully implemented.

Specific considerations submitted to the Council include the following:

• In addition to freezing soft wheat prices, support prices of barley and

Continued on page 16

Canada Taxes Cattle, Beef Imports

The Canadian Government, citing market disruption caused by an unusually large volume of U.S. slaughter cattle imports, has just imposed an import surtax of 3 Canadian cents[1] per pound on live cattle and 6 cents per pound on fresh beef. This brings total import charges to 4.5 cents per pound on live cattle, and 9 cents on fresh beef. The import surtax on beef does not apply to frozen beef, imported mainly from New Zealand and Australia.

This move follows earlier import and export actions by the Canadian Government in an effort to lower meat prices and maintain meat supplies by regulating the flow of trade in cattle and beef across the border with the United States.

Beginning in August of this year, U.S. exports of slaughter cattle to Canada began to increase at a rapid rate from 4,400 in July to 17,000 in August and 39,100 in September. For January through September, U.S. exports of slaughter cattle to Canada totaled about 75,400 head compared with 32,100 for the same period a year earlier. Canadian reports indicate that this movement increased again in October to about 70,000 head for the month.

During the first week after the import surcharge was imposed, Canadian slaughter cattle prices increased an average of 3 to 4 cents a pound, while U.S. prices declined about 1 cent. Canadian imports of U.S. slaughter cattle reportedly fell sharply, but some movement continues.

Canadian cattle prices closely follow those in the U.S. market, within a range set by transportation costs and duties. The transportation cost of live cattle from Omaha to Toronto is approximately 2.9 cents per pound and the normal duty is 1.5 cents per pound. In February this year, in response to increasing consumer prices, the Canadians suspended the import duties on a number of items including live cattle and beef (normally 3 cents per pound).

In August, cattle and beef prices again jumped sharply in line with similar movements in the United States. With ceiling prices on domestically killed beef in the United States but not on imported beef, a number of U.S. cattle were diverted for slaughter in Canada, and U.S. imports of beef from Canada increased to 14.1 million pounds from the average monthly level of 4.1 million during January-July. In response, the Canadians placed export controls on pork, beef, and several other livestock items on August 13.

With the removal of U.S. price ceilings, Canadian export controls were relaxed on September 15 when the Canadians stated that pork, beef, and livestock were moving under a more normal supply-demand relationship. However, with Canadian cattle prices trailing the decline in U.S. slaughter cattle prices since late August, Canadian purchases of U.S. slaughter cattle continued and at a higher level. The 70,000 head reportedly imported in October is equal to about 25 percent of normal Canadian monthly slaughter.

On September 22, the Canadian Government, in response to this movement, reimposed the import duties on live cattle and beef which had been suspended in February. The November 2 import tax followed.

Canada normally enjoys a very favorable balance of trade with the United States in beef and live cattle. U.S. imports of beef and veal and live cattle from Canada totaled $72.1 million in 1972, $104.9 million during January-September 1973, and $9.6 million this September. Corresponding U.S. exports to Canada for the same periods totaled $48.1 million, $50.3 million, and $15.5 million, respectively.

Although U.S. exports of slaughter cattle to Canada have been heavy since August, it is not unusual for these shipments to jump up for relatively brief periods when Canadian prices exceed U.S. prices by more than transportation plus duty. The United States exported 28,900 head of slaughter cattle to Canada during November-December 1972, and 106,300 head during November 1970-January 1971.

—By Philip L. Mackie, FAS

[1] **US$1.00 = Can$1.002.**

Contracts Assure Markets For Canadian Pork Exports

By W. ALLAN ANDERSON
Office of U.S. Agricultural Attaché
Ottawa

PORK PRODUCERS in Canada's Prairie Provinces are benefiting from long-term export contracts aimed at boosting hog farmers' output by stabilizing their incomes, as well as assuring continuity of supply to foreign buyers. Also, a new export agency—aptly called ExPork Canada West—has been established to coordinate hog export marketing activities and export pricing in two Prairie Provinces.

Using new marketing systems, both Manitoba and Alberta have successfully negotiated long-term contracts for pork exports, although technical mechanisms for completing transactions differ slightly in each Province. In Alberta, a recently signed 3-year contract provides for export of 250 hog carcasses per month at a base price of Can$40.10 per cwt. Manitoba's hog producers' marketing board has negotiated a contract with Japan for delivery of 48-80 million pounds of pork during the next 3 years, valued at an estimated Can$18-30 million.

Alberta's export contracting system enables producers to offer 1- to 5-year export commitments to foreign buyers. Producers use a teletype service to designate the number of hogs available, desired years of commitment, and minimum prices. Although the base price is established by the sales contract, a flexibility formula can be applied to increase or decrease prices according to fluctuations in feed costs. Both buyer and producer post performance bonds to guarantee delivery and payment under terms of the contract.

Manitoba's pork export contracting mechanism differs slightly from Alberta's in that it is controlled by the hog producers' marketing board, rather than directly related to individual producer decisions. Contract prices are based on average domestic prices during the 2 months preceding the sale.

The Manitoba marketing system provides for pooling of export returns, so that proceeds from the large Japan sale will eventually benefit all hog producers in the Province. To prevent market disruption, hogs required to fill this contract are taken off the market daily in specified quantities.

The Manitoba board has also announced that a major pork contract is now being negotiated with buyers in Los Angeles that could result in shipment of 150,000 processed hogs yearly, with a potential value to producers of Can$10 million.

Canada's western Provincial Governments and marketing boards are encouraging export contracting in hopes that increased income stability will result in expanded hog production. By contracting hogs for future delivery, pork producers are able to establish a base income for the period of the contract. Assured of a stable market and protected from domestic price fluctuations, farmers are more likely to increase output. Should unforeseen market forces push hog prices above contract prices however, producers stand to lose income.

JOINT EXPORT marketing activities in Saskatchewan and Manitoba are also expected to bolster export trade in pork. The new agency, ExPork Canada West, will develop export markets, promote pork products abroad, conduct market research, and coordinate pricing strategies and methods in the two Provinces. Although Alberta has not joined, production estimates suggest that combined marketing by the three Prairie Provinces could control sales of some 5 million Canadian hogs annually, providing resources to bid on large contracts.

In recent years, producer marketing boards in Western Canada's three Provinces have effectively increased hog farmers' control of marketing practices and prices, both to export markets and at home. Teletype hog marketing services, available in Alberta and Manitoba, have increased competition between packers by giving each an equal chance to bid on all offerings. Saskatchewan,

CANADA: HOG NUMBERS, 1963-72 [1]
[In thousands of head]

Area	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Prairie Provinces	1,945.0	2,318.0	2,044.0	2,030.1	2,397.0	2,279.0	2,392.0	3,469.0	3,972.1	3,466.0
Canada, Total	5,211.0	5,667.0	5,147.0	5,401.0	6,012.0	5,682.0	5,772.0	7,086.0	7,623.9	7,150.0

[1] Year beginning June 1. Source: Statistics Canada

CANADA: HOG PRODUCTION AND EXPORTS
[In million lb., cold, dressed weight]

Item	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Production	981	1,060	1,007	1,014	1,181	1,181	1,134	1,328	1,511	1,393
Exports:										
United States	47	51	56	46	55	56	50	61	67	62
Japan	0	0	0	[1]	0	1	4	6	20	45
Total	52	59	62	51	61	62	58	72	98	116
Imports:										
United States	88	54	29	25	28	40	68	24	15	34
Other	2	0	9	13	1	1	3	2	2	1
Total	90	54	38	38	29	41	71	26	17	35

[1] Less than 500,000 pounds. Source: Statistics Canada

which has just established a hog marketing board, will base prices on a weighted average price in relation to markets at Toronto, Winnipeg, Edmonton, and Omaha, plus the wholesale price in Toronto and Winnipeg.

Canada's pork producers have expanded output rapidly in recent years. Total 1972 production—1.4 billion pounds—represents a 26-percent increase from the 1965-69 average of 1.1 billion pounds. Although domestic consumption of pork dropped 7 percent in 1972, the opening of new export markets, especially Japan, provided outlets for the increased production. Prices have shown wide fluctuations, gaining from a low of Can$22.82 per cwt. at Toronto in April 1971 to a record Can$68.35 per cwt. in August 1973.

The potential for strengthening Canada's hog industry appears greatest in the Prairie Provinces where low population densities encourage large hog operations that are less likely to conflict with urban land use.

THE PRAIRIES are well located to transport pork competitively to the Pacific coast of the United States and to Japan. On June 1, 1972, the three Prairie Provinces accounted for 48.5 percent of Canada's hogs, compared with a 1965-69 average of 39.6 percent.

The new marketing systems in western Canada are expected to provide an incentive for expanding both hog production and exports. Forward export contracting, however, places domestic buyers in direct competition with export customers. High commitment of supplies to export markets suggests that expanding domestic demand will have to be met by increased imports, causing domestic price increases that could trigger consumer unrest.

The spectacular uptrend in Canada's pork shipments to Japan in the past few years has benefited the industry enormously. In 1972, total pork exports were the highest in a decade, with Japan accounting for 45 million pounds of the 116 million pounds shipped, compared with 20 million pounds taken in 1971. According to some sources, Canada has the potential to increase exports to Japan to 100 million pounds by 1975.

Canada's hog breeders are being encouraged to improve hogs to produce larger portions of cuts most desired in export markets. Such methods as the Federal Hog Grading System encourage production of lean, high quality hogs.

The future viability of the Canadian swine industry is closely related to the country's potential for feedgrain production and producers' ability to purchase domestic barley at competitive prices. Also important are individual farmers' decisions to expand production. Strong grain demand and prices are reducing the inclination to diversify into livestock, which requires a greater labor input and higher capital investment. However, net benefits to the Canadian economy from exporting pork are potentially much greater than from grain.

Successful development of the hog industry will depend, in the long run, on initiation of pricing policies for both grain and pork that distribute income equitably to both producer groups. Moreover, the activities of Canada's marketing boards, now increasing producer control of marketing of many Canadian farm products, must continue to encourage the hog industry's orderly expansion to fill growing market demand.

Canadian inspector (above) examines pork prior to processing and possible shipment to export markets under contract. Left, weaner pigs of about 100 pounds thrive on experimental farm, Ottawa.

U.S. Farm Exports Double To Top $4 Billion in First Quarter 1973-74

By DEWAIN H. RAHE
Foreign Demand and Competition Division
Economic Research Service

In the first quarter of fiscal 1974, U.S. agricultural exports surged to an alltime quarterly high of $4.14 billion—precisely doubling the $2.07 billion of these 3 months in fiscal 1973. Exports of grains and preparations—nearly two times larger than in July-September 1972—accounted for over three-fourths of the increase in farm exports. But other gains occurred for cotton, tobacco, animal fats and oils, meats, and poultry products. The value of soybeans and products rose by a third, although quantity was down by about a half.

During July-September, about one-third of the $2-billion gain stemmed from volume. The balance came from higher prices especially for wheat, feedgrains, soybeans, soybean meal, and most fruits and vegetables. The export unit value of cotton, on the other hand, was about equal to the level of a year earlier.

Demand for U.S. farm products continues unusually buoyant into 1973-74. During the first quarter, both the People's Republic of China (PRC) and the Soviet Union received large quantities of U.S. grains. But demand for U.S. grains has been widespread throughout many areas of the world, stemming largely from a reduced supply level caused by unfavorable weather conditions and soaring consumption.

Exports continued to advance to Western Europe, Latin America, the Middle East, and other Asian countries. Exports to Japan climbed to an alltime high of $659 million in July-September—114 percent ahead of the $308-million level for the same months last year.

Exports of **grains and preparations** rose by 173 percent to $2.5 billion during July-September. Wheat and feedgrains accounted for most of the first quarter increase. The volume of rice exports was about half of the level for July-September 1972, but value edged slightly above last year's $91 million because of higher prices.

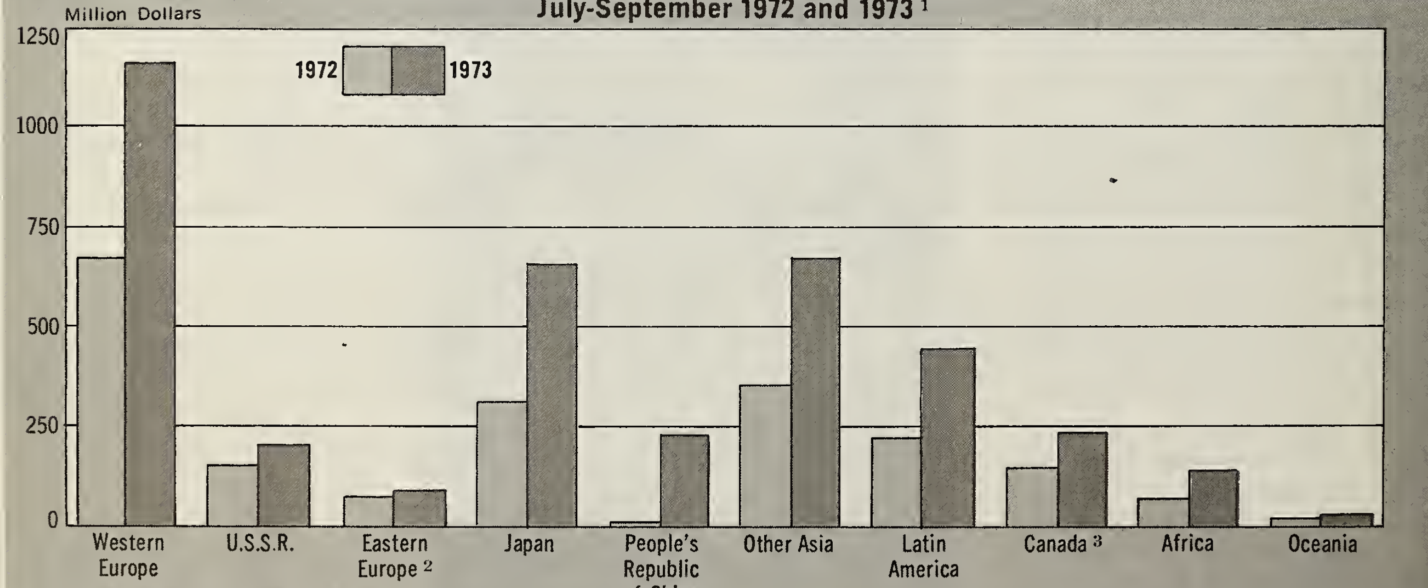
U.S. exports of wheat and products rose to 10.7 million tons during July-September 1973 from about 5.7 million a year earlier. But higher prices pushed the value up two and a half times to $1.2 billion from only $357 million in 1972-73. Over half of the advance went to the PRC and USSR, which totaled 3.3 million tons during July-September 1973. Other substantial increases went to Latin American countries, especially Colombia, Brazil, and Argentina, as well as to Italy, Greece, India, Indonesia, South Korea, Morocco, Kenya, Nigeria, Egypt, and Sudan.

Export unit values for wheat averaged $115 per metric ton during July-September 1973, compared with about $65 a year earlier. Higher demand for U.S. wheat reflects continued higher foreign demand and very tight supply situations in other producing areas. Poor crops in India, Latin Amedica, and Asia substantially boosted the demand for U.S. wheat, while an unusually poor rice crop in Southeast Asia caused many countries to up wheat purchases to meet food needs.

U.S. rice exports fell by over 200,000 tons in July-September 1973, compared with last year. Most of the decline occurred in concessional shipments to the Republic of Korea and South Vietnam. No rice was exported to South Korea during July-September 1973, compared with 255,000 tons in 1972. But first-quarter rice exports rose to Canada, Singapore, Hong Kong, Senegal, Liberia, and Turkey.

Feedgrain exports advanced by 3.8 million tons to 12.1 million during July-September 1973, with value jumping to $1.1 billion from only $445 million. Japan, European Community, the PRC, Mexico, Colombia, Iran, Greece, and Israel accounted for most of the expansion. Japan alone took 1 mil-

U.S. AGRICULTURAL EXPORTS BY REGIONS
July-September 1972 and 1973 [1]



[1] Not adjusted for transshipments.
[2] Includes Yugoslavia.
[3] Transshipments through Canadian ports included $45 million in 1972 and $275 million in 1973.

lion tons more during July-September 1973 than for these 3 months a year earlier. Export unit value of feedgrains rose to an average of $90 per metric ton in 1973 compared with about $53 a year earlier.

U.S. exports of **oilseeds and products** bounded 36 percent to $594 million from $436 million a year earlier. Since volume of oilseeds and products declined by one-third, higher prices accounted for all of the value increase. Soybean exports in July-September dropped to 33 million bushels from 66 million a year earlier, but value was 10 percent above the $231 million in July-September 1972. Export volume declined, primarily to Spain, Japan, Israel, and the EC.

Soybean meal exports totaled 636,000 tons in July-September 1973, compared with nearly 790,000 a year earlier. Shipments were off to the EC, Canada, Yugoslavia, and Mexico, but gained to Spain, Portugal, Japan, and Eastern Europe. Of course, limited U.S. supplies and very high prices discouraged exports of both U.S. soybeans and meal during July-September. In addition, export controls were in effect for most of this period.

Exports of soybean and cottonseed oils fell by 62 million pounds from the previous year's 373 million with value about equaling that of 1972. Declining exports of soybean oil to Yugoslavia, Israel, Bangladesh, Tunisia, and Haiti more than offset gains to Mexico, Netherlands, India, Pakistan, Japan, and the PRC.

U.S. **cotton** exports in July-September 1973 quadrupled to reach nearly 1 million running bales. The sharp difference was due mainly to lack of availability of U.S. cotton early in fiscal 1973. Value gain was about equal to the quantity change, since the average unit value for cotton exports remained about the same in both periods. Substantially more cotton went to the Far East, especially Japan, Taiwan, South Korea, Hong Kong, the PRC, the Philippines, and Thailand.

Several factors have induced more foreign buyers to turn to U.S. cotton this year—uncertainties over world supplies, largely due to weather during the last 2 seasons; a concomitant tightening of manmade fiber supplies; and substantial gains in cotton consumption.

U.S. **tobacco** exports rose by 7 percent to 144 million pounds during July-September 1973. Most of the increase occurred in burley, Maryland, and bulk smoking tobaccos. However, exports of flue-cured, the most important export item, were somewhat below the level of a year earlier. Exports climbed to Denmark, Netherlands, Belgium, Switzerland, Egypt, Taiwan, and Italy, somewhat offsetting declines to other Scandinavian countries, West Germany, Thailand, and the Philippines.

U.S. exports of **fruits and preparations** rose nearly a fifth to $141 million, with exports of canned fruits and fruit juices accounting for most of the overall increase. But exports of fresh fruits also gained during July-September.

U.S. AGRICULTURAL EXPORTS BY COMMODITY VALUE, JULY-SEPTEMBER 1972 AND 1973

Commodity	1972	1973	Change from 1972 to 1973
	Million dollars	*Million dollars*	*Percent*
Animals and animal products:			
Dairy products	34	14	− 59
Fats, oils, and greases	51	86	+ 68
Hides and skins, incl. furskins	83	82	− 2
Meats and meat products	45	70	+ 55
Poultry and poultry products	23	31	+ 35
Other	16	54	+238
Total animals and products	252	337	+ 34
Grains and preparations:			
Feed grains, excluding products	445	1,112	+150
Rice	91	93	+ 3
Wheat and major wheat products	357	1,239	+247
Other	23	56	+135
Total grains and preparations	916	2,500	+173
Oilseeds and products:			
Cottonseed and soybean oil	49	57	+ 16
Soybeans	231	256	+ 11
Protein meal	100	209	+110
Other	56	72	+ 29
Total oilseeds and products	436	594	+ 36
Other products and preparations:			
Cotton, excluding linters	42	158	+ 28
Tobacco, unmanufactured	142	162	+ 14
Fruits and preparations	121	141	+ 17
Nuts and preparations	16	16	—
Vegetables and preparations	47	79	+ 67
Other	97	149	+ 54
Total other products and preparations	465	705	+ 52
Total	2,069	4,136	+100

EXPORTS OF DRIED FRUITS were down both in quantity and value. The quantity decline of 45 percent, however, was far greater than the 28-percent decline in value. Although Canada is still the most important market for U.S. fruits, exports to Western Europe and Japan have risen in recent years. Currency realinements have made U.S. prices of many fruits very attractive in these markets.

U.S. exports of **vegetables and preparations** mounted by two-thirds to $79 million in July-September 1973 because of a sharp gain in exports of dry edible beans and fresh vegetables. Dry edible bean exports strengthened to Mexico, Dominican Republic, Brazil, Venezuela, EC, and especially to the United Kingdom, West Germany, Japan, Australia, and New Zealand. More fresh vegetable exports were destined for Canada, Mexico, Western Europe, Hong Kong, and Japan.

At the same time, exports of prepared vegetables moved ahead. Offsetting these gains, however, was a decline in exports of hops. Less hop exports moved to Western Europe compared with last year when hop crops there were of relatively low quality.

U.S. exports of **animals and animal products** rose 34 percent to $337 million from $252 million a year earlier. Advances occurred in live animals, meat, poultry, and inedible tallow. Offsetting these gains were declines in dairy products and hides and skins. Live cattle exports hit an alltime record of $33 million, compared with only $6 million, with most of the increase occurring in shipments to Canada. An 8-percent higher price level in Canada attracted many U.S. slaughter cattle to the Canadian market.

U.S. meat and meat product exports rose to a record 118 million pounds from 96 million a year earlier. The gain occurred in beef, pork, and variety meats, predominantly to Canada, Japan, Western Europe, and the Caribbean. Exports

Continued on page 16

Philippine Cotton Imports Seen Rebounding After Recent Slump

By ROBERT B. EVANS
U.S. Agricultural Attaché
Manila

COTTON IMPORTS into the Philippines during the crop year ending July 31, 1974, are expected to rebound after the slump in 1972-73 due to adverse weather, political uncertainty, and poor business and credit conditions. The economy has made a considerable recovery and business for the cotton mills has been on the upswing since early this year.

Imports during the crop year beginning August 1, 1973, are expected to reach 170,000 bales, compared with only 131,000 bales in 1972-73 and 153,000 bales the year before. Almost all cotton imports have come from the United States in recent years.

Per capita consumption of fibers in the Philippines still is only about 6.6 pounds annually, compared to about 50 pounds in the United States, but long-term prospects for cotton consumption are good. The population, at 39 million in mid-1972, is growing at the rate of 3-3.3 percent annually, and the per capita GNP (at constant prices) is expected to recover this year to the 1971 rate of 6.5 percent annually, compared with only 4.3 percent in 1972. Any growth in income can be expected to be accompanied by a commensurate increase in fibers consumption.

Currently, textiles are selling well in the domestic market, although consumers are very price conscious as the economy is still held back by food shortages. However, if the rice and other crops are as good this fall as now expected, there could be a further surge in textile purchasing.

With the peso following the dollar in recent currency realinements, the Philippines has still more of an advantage than formerly in production costs, compared with some of the other textile producing countries in Far East Asia.

COTTON SUPPLY AND DISTRIBUTION IN THE PHILIPPINES, 1969-70 TO 1973-74
[In 1,000 bales, 480 lb. net]

		Imports				
		United States				
Year (June-July)	Stocks, beginning	P.L. 480	Other	Other	Total	Consumption
1969-70	48	17	121	35	173	168
1970-71	53	40	117	——	157	170
1971-72	40	115	49	2	164	169
1972-73 [1]	35	53	50	1	103	123
1973-74 [2]	15	——	——	——	——	——

[1] Preliminary. [2] Estimated. *Foreign Trade Statistics of the Philippines.*

AVAILABILITY FOR MILL CONSUMPTION OF COTTON AND MANMADE FIBERS IN THE PHILIPPINES, 1969-72

Item	1969	1970	1971	1972
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Cotton imports	33.4	37.6	33.6	27.3
Manmade fibers				
Production	.4	1.5	6.8	6.8
Imports	38.8	36.0	50.2	49.0
Total, manmade fibers	39.2	37.5	57.0	55.8
Total	72.6	75.1	90.6	83.1
	Percent	*Percent*	*Percent*	*Percent*
Cotton percentage of total	46.0	50.1	37.1	32.9

Exports of textiles and clothing increased from $8.4 million in 1971 to $11.8 million in 1972 and are expected to increase to over $25 million in 1973, excluding the large business of embroidering imported fabrics for reexport. Currently, exports do not take more than 15-20 percent of cotton textile production.

Before 1972, the textile industry was considered overcrowded by the Government and expansion was not permitted. However, this policy has changed and 79,000 spindles now are being added to the 859,904 spindles owned by 32 firms that existed in 1971. In addition, a rapid expansion is underway in knitting and garment manufacture.

But cotton is under intense competition from synthetics, particularly polyester. The proportion of cotton to the total cotton and manmade fiber available to the mills declined from 49 percent in 1970 to 33 percent in 1972. Japan accounts for the bulk of the imported synthetics—mostly polyester but including rayon, acrylics, and nylon. The Philippines also manufactures small quantities of polyester and nylon—6,800 metric tons in 1972—and an additional 11,500-ton capacity has been approved.

Prospects for cotton in 1973, however, are good if adequate supplies can be obtained. Shortages and high prices for manmade fibers have contributed to increased consumption of cotton since the first of 1973. Prices of imported polyester have risen from under 40 cents per pound in the fall of 1972 to 70-80 cents per pound and an increase to 91 cents for domestically made fiber went into effect October 1. Even at this price the fiber is difficult to obtain. Imports of manmade fibers declined by nearly one-fourth in the year ending August 1.

The market for cotton also has been stimulated by a promotion campaign on behalf of U.S. cotton by the Cotton Council International in cooperation with several Philippine mills. Still another factor is a style trend toward denim and the establishment in the Philippines of international garment manufacturing using this product.

Because of depressed business conditions last fall and tight credit restrictions, many mills had nearly empty warehouses or "bodegas" 2 months ago. Some mills were running on a restricted basis because of the lack of cotton or

other fiber, and new cotton shipments often were put into production within 2 days after arrival. A survey showed that on June 30, all of the mills in the Philippines had only 15,284 bales in stock, although another 41,716 bales were enroute.

Because of the Philippines difficult foreign exchange position the last few years, the Government will not approve commercial purchases of cotton while funds are available under Commodity Credit Corporation (CCC) credit and Public Law 480, Title I. Therefore, all but a few bales of cotton imported in the last 3 years have been from the United States.

CCC loans to finance cotton have been payable over 3 years and totaled $11,880,000 (69,152 bales) in 1972 and $6,003,000 (39,143 bales) through June 26, 1973. P.L. 480 loans to finance cotton have been payable over 20 years in equal instalments from the fifth to the 20th year at 2 percent interest for the first 5 years and 3 percent thereafter. Cotton sales to the Philippines under P.L. 480 totaled 23,475 bales in 1972 and 18,022 bales in the first half of 1973, representing values of $3.4 million and $2.5 million, respectively.

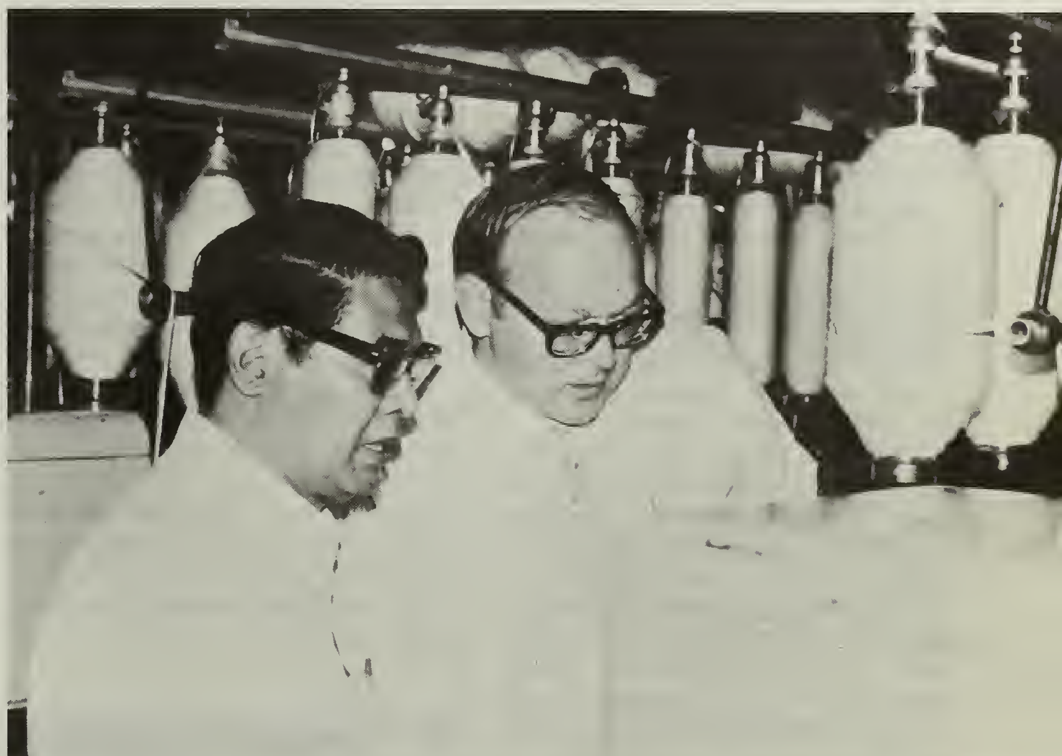
Mills purchasing cotton in the Philippines must complete their payment in pesos for CCC cotton within 12 months and on P.L. 480 cotton in 10 months. The Development Bank of the Philippines then uses the funds for development loans for industrial, agricultural, and other purposes. When the mills pay for P.L. 480 cotton, the pesos are used for rural electrification, land reform, to increase rice production, for recovery from the 1972 Luzon flood, and similar purposes.

With cotton demand strong and with no funds available since June 30 under CCC or P.L. 480, the Philippines Government has authorized $20 million for free exchange purchases of cotton, all of which is being used to purchase U.S. cotton Mills also have been asked, although with little success, to seek private financing of their imports. Contracts to cover most needs for the next several months were largely made last spring when cotton prices were lower. However, mills still are greatly concerned with the need for completing their supply of cotton for the next 12 months as substantial purchases must still be made.

An additional problem for cotton imports is the increased duty—from zero to 10 percent effective January 1, 1973. On polyester fiber, the duty was increased from 5 to 10 percent.

Philippine mills purchase mostly shorter staple, lower grade cotton from West Texas, but they also buy medium staple cotton from Arizona and the Imperial Valley of California, and some from Texas and the Mississippi Delta, as well as some Acala cotton from the San Joaquin Valley of California.

In the past, cotton has been grown in the Philippines on a very limited scale for home spinning and weaving. Efforts from time to time to produce cotton on a large scale have failed because of weather and pest problems. Nevertheless, a few experimental plots now are being tried under a 3-year cotton project begun in January 1971.



Edward A. Vaughn (at right above and below) assistant professor, Department of Textiles, Clemson University, Clemson, S.C., discusses processing U.S. cotton in Philippine mills. Spindle capacity there has been expanded greatly in past 2 years and exports of textiles, made almost totally of U.S. cotton, are expected to more than double this year.

Brazil's Poultry Industry Booms But Egg Output Slackens

By GERALDO F. SIMÕES
Office of U.S. Agricultural Officer
São Paulo

POULTRY PRODUCERS in Brazil could market a record 450,000 tons of poultry meat this year—equivalent to about 25 percent of total national beef consumption—and about 500 million dozen eggs, according to former Minister of Agriculture, Cirne Lima.

Broiler production is slated to rise by more than a third over last year, largely as a result of controlled feed prices, adequate feed supplies, and high consumer demand for poultry meat. On the other hand, commercial egg output has leveled off, since longer-term feeding has limited producer receipts.

Commercial broiler production this year is likely to vault to 401,000 tons from 285 million birds, compared with 294,000 tons last year from 210 million birds, according to estimates by the U.B.A. (Brazilian Poultry Association). Breeder chick production for poultry meat during January-March totaled some 957,283 birds, compared with 871,500 birds during the same period of 1972.

Output is expected to continue climbing, particularly during Brazil's entresafra, or dry season, when lower cattle slaughter will shorten meat supplies and boost consumer demand for poultry meat as a substitute for beef.

With Government encouragement, the poultry industry has developed and improved breeder stock lines to the point of near self-sufficiency. Imports during 1972 were limited to grandparent breding stock. Only 316,000 day-old chicks were imported from the United States to supply the industry. Poultry exports have thus far been insignificant. During 1972, exports totaled some 4,500 day-old chicks and 10,500 eggs for incubation.

Unfortunately, the boom in poultry production has not included commercial egg output, where feed prices have hampered growth. Despite the near elimination of Marek's disease from Brazil's commercial laying flocks, limited profits have discouraged advances in egg production. Total white-egg layer stocks declined by 24 percent in 1972, compared to 1971, while brown-egg layers increased by about the same rate.

The trend seems to be continuing this year, although breeder stock output of white-egg layers is up from the January-March 1972 level of 82,200 birds to about 96,000 birds during the same months this year. Brown-egg layers are following previous years' downtrend, with 10,350 birds produced during January-March, against 29,664 birds in the same period of 1972.

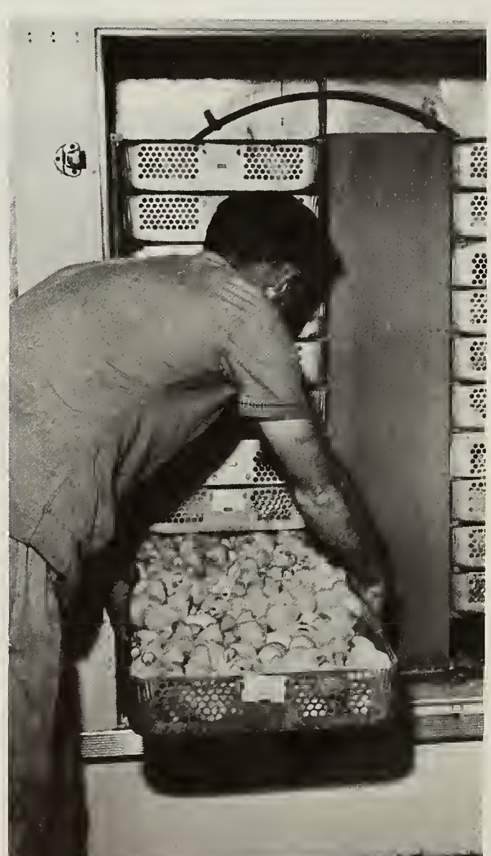
Brazil's success story in the poultry sector is largely due to the Government's development policies and to the leadership of multinational firms working with Brazil's poultry industries. Brazilian poultry firms have signed cooperative agreements with a number of large U.S. firms, which are assisting in industry development. Moreover, Brazil is nearly self-sufficient in the manufacture of equipment needed in poultry operations.

The industry's feedgrain requirements have surged, paralleling annual gains in poultry numbers, with needs for 1973-74 forecast at about 3 million tons of balanced rations. Production of commercial poultry feed during 1972 was about 120,000 tons per month, or nearly 1.5 million tons for the year.

The poultry industry alone is expected to consume some 1.5 million tons of corn and 600,000 tons of soybeans annually. In 1962, only 60,000 tons of soybeans from a total production of 331,000 tons were used—an indication of the industry's dynamic growth in recent years.

THE GOVERNMENT has guaranteed that high quality rations will be available at reasonable prices and in adequate quantities. To fulfill this promise, corn exports have been severely limited and the domestic price of soybeans, as well as soybean exports, have been controlled by CACEX, the foreign trade agency of the Bank of Brazil. Of Brazil's estimated 4.7-million-ton soybean crop, about 3 million will be exported and 1 million consumed domestically. At recent ration prices of US$140 per ton, Brazilian poultrymen can operate profit-

Continued on page 16



Hatching trays (left) at commercial chick hatchery in Sao Paulo. Above, a central cooperative in Brazil uses a U.S.-manufactured egg grader to serve the co-op's poultry producers.

CROPS AND MARKETS

TOBACCO

Canada's Flue-Cured Tobacco Market Opens in Ontario

Sales during the first 2 days of the 1973 Ontario flue-cured tobacco market, which opened October 25, totaled 2.9 million pounds and averaged 69.8 U.S. cents per pound. This compares with 3.4 million pounds averaging 69.7 U.S. cents during the first 2 marketing days last season. The top-grade price of 82 U.S. cents was unchanged from 1972. Prices are expected to improve some as marketings progress since growers have been assured an average 71.9 U.S. cents per pound by the buying industry. This compares to the U.S. flue-cured auction market average of 88.3 cents per pound for about 90 percent of the crop sold so far this season.

The total Canadian flue-cured crop is estimated by trade sources at over 267 million pounds from 117,265 acres. This is up from 181 million pounds and 117,958 acres in 1972.

The Province of Ontario accounts for 250 million pounds and 104,632 acres of the estimate. The Ontario production and area are up 50 and 21 percent, respectively, from 167 million pounds and 86,700 acres in 1972.

The 1972 crop suffered substantial frost damage early in the growing season.

Mexico's Tobacco Area And Output Up in 1974

Current forecasts indicate Mexico's tobacco production will be 157 million pounds in 1974 from 98,000 acres, increases of 22 and 13 percent, respectively, over 1973. The forecast production would be in further response to high grower prices which carry over from the 1973 crop. Much of the increased production will be in export varieties of burley and dark air-cured tobaccos.

The 1974 crop is the first growth to be completely under the control of TABAMEX, the Government Agency set up early in 1973 to regulate production, pricing, and marketing of Mexican leaf.

Government policies in recent years have made Mexico a significant exporter of tobacco while virtually eliminating imports. The United States, once a major supplier of raw leaf to Mexico, exported less than 1,000 pounds in 1972, while importing over 4 million pounds from that country.

International Buyers Interested In Italy's Oriental Tobacco

Booming prices of oriental tobacco in Greece and Turkey have resulted in purchasers looking for alternative suppliers in international markets. Italian oriental tobacco, covered by the EC Common Agricultural Policy on pricing and premium provisions, is creating new interest.

U.S. firms in Greece, faced with substantially higher prices for 1972 crop purchases, state that a current additional price increase, due to drachma revaluation, would make Greek oriental tobacco too expensive for the U.S. industry. This could severely jeopardize future prospects for U.S. purchases of such tobacco. American buyers recently passed up Turkish tobacco because of prices.

Trade sources indicate that U.S. firms and other international buyers have recently purchased substantial amounts of oriental leaf in Italy where a buyers premium makes the difference. This could reverse recent trends and lead to increased acreage of Italian oriental tobacco in 1974.

Large sales of the current Italian crop have already been booked and hectic buying activity is reported, forcing local packers to pay higher prices than the EC target prices.

FATS, OILS, AND OILSEEDS

Philippine Copra Exports Lagging

During the January-September 1973 period, Philippine exports of copra and coconut oil declined 17 percent to 674,000 metric tons (oil basis), compared with 814,000 tons actually exported during the same 9 months in 1972. The 140,000-ton decline during the 1973 period is a sharp reversal from the 191,000-ton increase registered for actual exports during the same months a year ago.

Philippine exports in calendar 1973 could decline by roughly 200,000 tons (oil basis) from the 1972 volume of 1.1 million tons. The decline would be equal to the oil fraction of 31 million bushels of soybeans.

Based on latest rainfall data, a further significant decline in Philippine exports—which may amount to 100,000 tons (oil basis)—is forecast in 1974.

West Malaysian Palm Oil Production Growth Slackens

During January-August 1973, West Malaysia's palm oil production rose to 449,000 metric tons, only 15 percent above the 390,000 tons produced during same 8 months in 1972. This rate of increase is significantly below the 20-percent growth achieved in calendar 1972.

In June-August 1973, monthly production averaged 61,400 tons, only 6 percent above the same 3 months in 1972. The slackened rate of growth in output indicates some reduction in yield per harvested acre from the previous estimate.

Despite the slackened growth in output, exports of West Malaysian palm oil continue to expand substantially. During the 8-month period through August 1973, exports totaled 452,000 tons, 24 percent above the same period a year ago. For the June-August 1973 period, exports rose to nearly 162,000 tons—40 percent above the same months in 1972.

Stocks of palm oil on August 31, 1973, were reported at 47,000 tons, 21,000 tons below the same date a year earlier.

The 86,000-ton increase in exports exceeded the 59,000-

ton production increase plus the 21,000-ton decline in reported stocks, thus implying a 6,000-ton drop in domestic consumption. In calendar 1972, domestic disappearance of palm oil in West Malaysia was estimated at only 15,000 tons.

Three Tung Oil Producers Report Small 1974 Crops

The progress of the tung nut crop in Argentina has been followed with keen interest since September 1972 when tung tree blossoms were damaged by heavy frost causing a small nut crop in 1973. Argentine tung oil production for 1974 is currently estimated at 5,000 metric tons—81 percent or 22,000 tons below last season. This production decline follows 3 years of above-average production in Argentina so that carryover stocks make availability only slightly below average.

It is anticipated that the new Argentine crop of tung nuts—to be harvested in the spring of 1974—will be more adequate, and consequently, tung oil production for 1975 will return to a more nearly normal level.

The Paraguayan tung crop will also probably be smaller. There have been reports that Paraguayan farmers have been cutting down older and lower yielding tung orchards to produce soybeans and other alternative field crops. Tung oil output for Paraguay in 1974 is estimated at 2,000 tons.

Prices for tung oil, ex-tank Rotterdam, have risen from 8.8 U.S. cents a pound in September 1972 to 33.5 cents a pound a year later. These high prices should provide an impetus for collecting the largest possible tung nut crop this spring in Argentina and Paraguay.

The United States expects to produce about 1,000 metric tons of tung oil in 1974. Since hurricane Camille passed through the tung groves in 1969, U.S. tung oil production has been low. The Commodity Credit Corporation has been selling tung oil since last spring and currently has about 2.9 million pounds of tung oil in storage. For the period November 1972 through September 1973, U.S. tung oil imports have been 10,722 tons—a 24-percent increase over the same period last year. Utilization of tung oil during 1973 is currently estimated at 12,000 tons.

GRAINS, FEEDS, PULSES, AND SEEDS

EC Removes Rice Export Ban

The EC Commission resumed issuance of export licenses for rice on October 19, thereby lifting the 5-month-old ban on such exports. At the same time, however, export taxes were introduced equaling US$302 per ton for brown rice and US $422 for milled rice.

The export ban on rice was removed because of the large 1973 EC rice crop of 842,000 tons, 22 percent above last year's production.

EC Cuts Wheat Payment

Effective November 1, 1973, the EC Commission reduced the wheat denaturing premium from US$16.20 (11.79 units of account) to $9.62 (7 units of account) per metric ton. The measure will reduce diversion of food wheat to feeding purposes, encourage use of domestic barley, and increase demand for corn imports. In addition, an estimated 1-3 million tons of EC wheat may be made available for export.

Mexico Revises 1974 Wheat Support

Mexico has announced a guaranteed price to farmers of US$96 per ton for the 1974 wheat crop. This support price is for both irrigated and nonirrigated wheat. For a number of years the support price has been US$67 for irrigated areas (the main commercial crop) and $73 for nonirrigated.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Nov. 13	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	5.86	+31	2.75
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	2.60
U.S. No. 2 Dark Northern Spring:			
14 percent	5.33	+ 9	2.51
15 percent	(1)	(1)	2.54
U.S. No. 2 Hard Winter:			
12 percent	5.42	− 9	2.47
No. 3 Hard Amber Durum	7.25	+39	2.59
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.05	+ 5	1.66
Argentine Plate corn	3.27	+ 9	2.03
U.S. No. 2 sorghum	3.27	− 2	1.72
Argentine-Granifero sorghum	3.25	0	1.73
U.S. No. 3 Feed barley	2.72	+ 3	1.60
Soybeans: [3]			
U.S. No. 2 Yellow	6.17	+ 2	3.95
EC import levies:			
Wheat [4]	[5] 0	0	1.34
Corn [6]	[5] .35	− 9	1.16
Sorghum [6]	[5] .16	− 4	1.06

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

LIVESTOCK AND MEAT PRODUCTS

Mexico Lowers Cattle and Beef Exports, Doubles U.S. Holstein Imports

Strong consumer demand has lowered Mexico's exports of cattle and beef to the United States this year, despite bigger beef herds. Its imports of U.S. Holsteins almost doubled.

Beef herd numbers on January 1, 1973, at 26,830,000 head, were up about 2 percent over revised 1972 totals, and they are expected to be up again next year.

Average carcass weights this year, at about 385 pounds, are running some 50 pounds heavier than earlier forecasts. This is due to generally good pasture conditions plus a higher percentage of slaughter cattle being fed on improved pasture in the gulf area than in earlier years.

Although cattle numbers are increasing and beef production is up, exports of feeder cattle and boneless beef, which go almost exclusively to the United States, have declined this

year compared with 1972, due to strong Mexican demand for red meat, increasing consumer prices, and a sharp falloff in pork production.

U.S. imports of feeder cattle from Mexico during January-September 1973 amounted to 393,000 head compared with 483,100 head during January-September 1972. The Government of Mexico reduced boneless beef export quotas in mid-March and again beginning September 1. Total beef exports for calendar 1973 may not exceed 50 million pounds, compared with 91.4 million pounds in 1972.

However, offsetting official beef export declines have been border sales in small lots to U.S. tourists visiting Mexico. Between February and August, it is estimated approximately 20 million pounds (boneless beef equivalent) were sold. This trade is not recorded in official trade statistics.

Mexican imports of lard, tallow, offals, and breeding cattle from the United States are up substantially this year over last, both in volume and value. Large purchases of lard and pork offals are being made to offset reduced production from domestic swine slaughter.

The domestic soap industry has been using increasing amounts of inedible tallow this year to offset reduced supplies of locally-produced coconut oil.

During the first 8 months of 1973, imports of U.S. grade Holstein heifers, at 13,000 head, were almost double the figure for the same period a year earlier. The upward climb should continue as Government dairy herd improvement programs are put into effect.

Hog Cholera Spreads In Trinidad-Tobago

An outbreak of swine fever in Trinidad-Tobago has spread in spite of Government efforts to control it. Formerly, the outbreak was confined to the Waller Field area, one of the sites of the Crown Lands Development Program. The area was declared infected September 10 and a program of slaughter, restricted movement, and sanitation practices was put into effect. On October 4 several cases were reported outside this area and the entire county of St. George is now declared an infected area.

Newspaper reports have indicated that 10,000 to 12,000 hogs have been destroyed to date although a Ministry of Agriculture official says the figure is more like 7,000 head.

FRUIT, NUTS, AND VEGETABLES

Italian Canned Fruit Pack Bigger in 1973

Italy reports larger 1973 packs of canned pears and peaches, even though unfavorable spring weather conditions cut production of most fresh fruit. Canned pear production is estimated at 3.2 million cases (basis 24/2½'s), 14 percent above the 1972 pack of 2.8 million cases. Quality of pears for canning was reported fair, although some areas reported hail damage.

Canned peach production is estimated at 1.2 million cases, 4 percent above that of last year. Overall canning peach quality is considerably better than in 1972. Cultivation of clingstone peaches is steadily increasing in northern Italy, but output is still small when compared to freestone varieties. Prices paid by canners for both pears and peaches were higher than in 1972.

Current estimates indicate 1972-73 season exports of canned pears totaled 2.5 million cases and peaches 500,000 cases. West Germany, France, and Belgium were important markets for both commodities; the United Kingdom and Switzerland were important canned pear markets.

Israel Begins Pecan Exports

Israel, a relative newcomer to the production of pecans, harvested a crop of only 880 short tons in 1972, which, although relatively small, reportedly allowed the country to make sizable exports.

Europe is Israel's principal market for pecan exports. None have been sent to the United States.

Israel is one of several countries that have recently begun to grow pecans on a small scale. Among these are South Africa and Australia. The pecan is indigenous to North America and the United States is the world's only major producer. Mexico is a secondary producer.

Because of severe limitations on the availability of land and water, Israel's maximum production potential is estimated at less than 4,000 short tons, most of which will probably show up on the world market.

U.K. Import Quota for Canned Grapefruit

The U.K. Department of Trade and Industry announced that the quota for imports of canned grapefruit from the dollar area during the 12-month period, October 1, 1973-September 30, 1974, is £450,000 c.i.f., unchanged from the previous year. This quota is equivalent to approximately US$1 million and applies to imports from the United States and 17 other countries comprising the dollar area.

German Canned Fruit Pack Down 10 Percent in 1972

West Germany reports a smaller 1972 pack of canned deciduous fruit. Production totaled 3.8 million cases (basis 24/2½'s), 10 percent below the 1971 pack of 4.2 million cases. Sharply higher processing prices were reported for apples and 1972 production of sliced apples and applesauce totaled 2.1 million cases, slightly more than 1971. The 1972 pack of cherries and prunes and plums was smaller. Cherries totaled 900,000 cases. Prunes and plums were 700,000 cases.

Current estimates indicate the 1973 canned fruit pack will be about 10 percent larger than that of 1972. The 1973 crops of all fresh fruits are larger than last season. The apple crop is reported to be excellent in the Rhineland and southern Germany, but below average in northern Germany where trees suffered frost damage during blossom.

Other Foreign Agriculture Publications

- Per Capita Consumption of Dairy Products, 1971 and 1972 (FD-3-73)
- European Citrus Imports and U.S. Citrus Trade, 1971-72 Season (FCF-4-73)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE, $300
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

U.S.MAIL

First Class

If you no longer wish to receive this publication, please check here ☐ and return this sheet, or addressed portion of envelope in which publication was mailed.

If your address should be changed ☐ PRINT or TYPE the new address, including ZIP CODE, and return the whole sheet to:

Foreign Agricultural Service, Rm. 5918
U.S. Department of Agriculture
Washington, D.C. 20250

FOREIGN AGRICULTURE

0006 JENKIN492A112 10CC1 C0C1
I JENKINS
AMER AGRL ECCN CCC CTR
492 GHI
WASHINGTCN DC 20250

EC Council Considers CAP

Continued from page 5

corn—including minimum import prices—would be raised, commensurate with the feeding value of these products relative to wheat. Instead of regional intervention prices for soft wheat and barley, single intervention prices are proposed, as are now in effect for Durum, corn, and rye.

Improvements in the management of the grains CAP and a policy of stockpiling—primarily for wheat—would be instituted. These measures are expected to save some 580 million u.a., if effected.

• The proposed CAP for soybeans is to be adapted "so that the import system for soya remains unchanged." The price of sunflowerseed is to be raised relative to that of rapeseed, and subsidies given for dehydration of alfalfa and for seed of protein-rich legumes. The system of regional intervention prices for rapeseed and sunflowerseed is to be revised.

• A temporary charge to dairy producers, equal to a maximum of 2 percent of the milk target price, would be made in case dairy surpluses exceed a certain level. This charge would represent a de facto decrease in the target price for milk, since it would not be reflected in consumer prices. Milk deliveries of up to 10,567 quarts would be exempt, but dairy plants selling an as-yet undetermined amount to intervention agencies would pay the charge.

The relationship between prices of butterfat and milk solids would be adjusted to reduce the butter intervention price and increase the intervention price of skim milk powder. The Commission estimates that these steps, plus certain ancillary measures, would reduce expenditures for dairy products by some 470 u.a. by 1978.

• The orientation price for veal would be abolished and the import system for cattle and calves, including beef and veal, would be simplified. Moreover, incentive measures would be taken to encourage beef production.

• A CAP for mutton and lamb is to be established. This would harmonize prices now existing in the Six with those in the three new Member States.

• The system of calculating deficiency payments for Italian olive growers is to be simplified.

• A CAP for potatoes, probably involving deficiency payments, would be established.

U.S. Farm Exports Double

Continued from page 9

of animal fats and greases of 522 million pounds were 16 percent below the level of a year earlier. However, higher prices caused the value to rise to nearly $86 million—over $30 million above the level of a year earlier.

Exports of dairy products, on the other hand, fell to only $14 million in July-September 1973, from $34 million a year earlier. The decline occurred primarily in exports of nonfat dry milk.

Exports of poultry and poultry products gained over one-third in July-September to total $31 million.

Exports of hides and skins totaled $82 million, slightly below that of a year earlier, with the decline occurring primarily in cattle hides.

BRAZIL POULTRY INDUSTRY

Continued from page 12

ably and increase production.

The stability of Brazilian feed and poultry prices reflects Government anti-inflation policies. In March 1973, liveweight broiler prices to wholesalers were 25 U.S. cents per pound—12 percent above the 1972 level—while poultry ration prices during the same period increased by only 5 percent.

Consumption of poultry meat is expected to continue climbing, especially in view of the continuing annual rise in per capita incomes in large cities that is boosting consumer demand for animal products. Government development policies, especially in Northeast Brazil, are providing new outlets for poultry meat, as incomes advance there.

Future prospects for the poultry industry are considered excellent. Average annual growth of about 17 percent is estimated during the 1973-78 period. Poultry feed requirements in 1975 are forecast to reach about 2 million tons of corn and 700,000 tons of soybeans.

The development of Brazil's poultry industry is particularly noteworthy considering that 1962 commercial slaughter totaled only 6.6 million birds for an output of 7,800 tons, according to Ministry of Agriculture statistics. At that time, home slaughterings probably accounted for more than 80 percent of total national slaughter.

By 1970, broiler production had soared to 155 million birds, with meat output at 217,000 tons for poultry meat. A gain in 1971 numbers pushed production to 224,000 tons.

☆ U. S. GOVERNMENT PRINTING OFFICE : 1973 541-562/19